

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2013____-E - ORDER NO. 2013-____

APRIL __, 2013

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|--------|-----------------|----|-----------|-----------|-------|
| IN RE: | APPLICATION | BY | SOUTH |) | |
| | CAROLINA | | ELECTRIC | & | GAS |
| | COMPANY | | FOR | AUTHORITY | TO |
| | ISSUE | | AND | SELL | FROM |
| | TIME | | NOT | EXCEEDING |) |
| | \$1,500,000,000 | | AGGREGATE |) | |
| | PRINCIPAL | | AMOUNT | OF | FIRST |
| | MORTGAGE | | BONDS |) | |

ORDER AUTHORIZING
ISSUANCE AND SALE OF
FIRST MORTGAGE BONDS

This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of an Application to issue securities filed on April 12, 2013, by South Carolina Electric & Gas Company (the “Company” or “SCE&G”). The Application was filed pursuant to § 58-27-1710, S.C. Code of Laws (1976, as amended), and 10 S.C. Code Ann. Regs. 103-823 and 823.1 (2012). A copy of SCE&G’s draft Registration Statement for the securities was filed as Exhibit A to the Application.

SCE&G proposes to issue and sell from time to time not exceeding One Billion Five Hundred Million Dollars (\$1,500,000,000) aggregate principal amount of its First Mortgage Bonds (the “New Bonds”) in one or more series pursuant to the Indenture dated as of April 1, 1993, as supplemented (the “Indenture”), between SCE&G and The Bank of New York Mellon Trust Company, N.A., successor to NationsBank of Georgia, National Association, as trustee (the “Trustee”). The application for authority to issue and sell not exceeding One Billion Five

Hundred Million Dollars (\$1,500,000,000) principal amount of New Bonds is incremental to the authority, granted by the Commission in previous orders, to the Company to issue and sell its First Mortgage Bonds.

The New Bonds will be secured primarily by the lien of the Indenture upon substantially all of the electrical generation, transmission and distribution properties of SCE&G as described in the granting clauses of the Indenture. Reference is made to “Description of the First Mortgage Bonds” in the form of Preliminary Prospectus in the Registration Statement. (Indenture Section 302) New Bonds may be issued on the basis of unfunded property additions equal to ten-sevenths of the aggregate principal amount of such additional New Bonds (Indenture Article IV), retirement credits (Indenture Article V), or cash equal to the aggregate principal amount of such New Bonds (Indenture Article VI).

The terms of each series of the New Bonds will be negotiated and will have such call and redemption provisions as may be determined at the time of sale of the New Bonds.

As stated in the Registration Statement and in the Application, SCE&G will use the net proceeds from the sale of the New Bonds, together with other funds of SCE&G, for general corporate purposes, including the financing of SCE&G’s construction program (which includes the construction of new base load generation, authorized by the Commission in Order No. 2009-104(A), dated March 2, 2009) and nuclear fuel expenditures, the reduction of short-term indebtedness and the refinancing of securities.

SCE&G plans to offer one or more series of the New Bonds either through underwriters or dealers, through agents, or directly to a limited number of purchasers or to a single purchaser.

SCE&G states that negotiations at market with the purchaser or purchasers, to be concluded shortly before the offering of each series of the New Bonds, will determine the interest rate to be borne by, the maturity date of, the initial offering price of, the price to be paid to SCE&G for, the call provisions of, any underwriting or purchase discount (i.e., the difference between the initial offering price and the price paid by the purchaser or underwriter to SCE&G) with respect to, and the redemption prices of, each series of the New Bonds. Based on market conditions, SCE&G believes that the initial offering price usually will not be less than 92% nor more than 112% of the principal amount of such series of New Bonds (except in the case of original discount bonds sometimes known as “zero coupon bonds”), that any underwriting or selling discount will not exceed 1.5% of the principal amount of such series of the New Bonds for sales to institutional investors and 3.5% of the principal amount of such series of the New Bonds for sales to retail investors, that the initial regular redemption price, will not exceed 100% of the principal amount of such series of the New Bonds plus a make whole amount (yield maintenance payment) if any (except in the case of original discount bonds sometimes known as “zero coupon bonds”). SCE&G has requested authority to negotiate the most favorable interest rate and terms obtainable on the date each series of the New Bonds is priced including, if appropriate, terms, prices and redemption provisions appropriate for original discount securities sometimes known as “zero coupon bonds.” Sales of each series of the New Bonds will be made from time to time when market conditions, in the judgment of SCE&G, are favorable.

After investigation by the South Carolina Office of Regulatory Staff and upon full consideration by the Commission, the Commission is of the opinion, and so finds, that the matters set forth in the Application and the exhibits thereto are proper; that the purpose of the

proposed issues of New Bonds and the proposed use of the proceeds of the New Bonds is proper; that the proposal to issue the New Bonds in one or more series, from time to time, as market conditions appear favorable, is reasonable and proper. Finally, the Commission finds that the determination by SCE&G of the appropriate time or times to offer and sell the New Bonds is reasonable and proper.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:

1. That SCE&G be, and it hereby is, granted a Certificate of Authority to issue and sell at such time or times as in the judgment of SCE&G may be favorable, in one or more series, not exceeding One Billion Five Hundred Million Dollars (\$1,500,000,000) aggregate principal amount of New Bonds due not later than fifty-five (55) years from the respective date of issue of each such series, at such price or prices, with such redemption provisions and at such interest rate or rates in the case of bonds other than original discount or “zero coupon bonds” as may be negotiated with the purchaser or purchasers of the New Bonds of any series in connection with the offering thereof.

2. The authority granted by the Commission herein to issue and sell any series of New Bonds is incremental to the authority granted by the Commission in previous orders.

3. That SCE&G is authorized to issue any series of New Bonds in either of the following ways: (i) through underwriters or dealers; (ii) directly or to a limited number of purchasers or to a single purchaser; or (iii) through agents.

4. That if necessary in connection with the issue and sale of a series of New Bonds, SCE&G is authorized to negotiate the terms of and to enter into, execute and deliver one or more indentures supplemental to the Indenture.

5. That in connection with the issuance and sale of any series of the New Bonds through underwriters or dealers, SCE&G is authorized to negotiate the terms of and to enter into, execute and deliver an underwriting agreement in such form as may be reasonably necessary to consummate the proposed transaction, and that in connection with the issuance and sale of any series of the New Bonds in a private placement or through agents, SCE&G is authorized to negotiate the terms of and to enter into, execute and deliver a sales agreement in such form as may be reasonably necessary to consummate the particular transaction.

6. That SCE&G is authorized to use the net proceeds of the sale of each series of New Bonds, solely or with other corporate funds in any case, for general corporate purposes, including the financing of SCE&G's construction program and nuclear fuel expenditures, the reduction of short-term indebtedness and the refinancing of securities.

7. That SCE&G file conformed copies of each indenture supplemental to the Indenture and any underwriting agreement and/or sales agreement entered into in connection with the issuance and sale of each series of the New Bonds, after closing the transaction related to each series.

8. Approval of the Application does not bind the Commission as to the ratemaking treatment of this issuance.

9. This Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

10. The Commission strongly encourages SCE&G to carry out the financial transactions in such a manner as to attempt to minimize possible negative impacts that could be harmful to ratepayers.

11. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

David A. Wright, Chairman

ATTEST:

Randy Mitchell, Vice Chairman
(SEAL)